

# **TOWN OF BLANCHARD, LOUISIANA**

**Financial Statements  
June 30, 2007**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

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**Deborah D. Dees, MBA, CPA  
122 Jefferson Street  
Mansfield, Louisiana 71052  
318-872-3007**

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# **TOWN OF BLANCHARD, LOUISIANA**

## **Annual Financial Statements As of and for the Year Ended June 30, 2007 With Supplemental Information Schedules**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Johnny Digilormo, Mayor  
and the Members of the Board of Aldermen  
Town of Blanchard, Louisiana

I have audited the accompanying financial statements of the governmental activities and business-type activities of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Blanchard, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Blanchard, Louisiana, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 29, 2007, on my consideration of the Town of Blanchard, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis on pages 6 through 11 and the budgetary comparison information (Schedule 1) on page 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplemental information schedules (Schedules 2 through 9) on pages 39 to 46 are presented for purposes of additional

analysis and are not a required part of the basic financial statements of the Town of Blanchard, Louisiana. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Delmar A. Allen, CPA*

Mansfield, Louisiana  
December 29, 2007

## Required Supplemental Information (Part I)

## **TOWN OF BLANCHARD, LOUISIANA**

### **Management Discussion and Analysis**

**June 30, 2007**

The management of the Town of Blanchard, Louisiana offers readers of the Town of Blanchard, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

#### **Overview of the Financial Statements**

This Section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

#### **Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information, which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Water and Sewer Department.

**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2007**

**Government-wide Financial Analysis**

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$3,624,992 (net assets); this represents a decrease of \$66,342 from last fiscal year. Of this total net asset amount, \$1,522,659 is unrestricted net assets. The Town's net assets are comprised of \$450,985 from governmental activities and \$3,174,007 from business type activities.

The following is a condensed statement of the Town of Blanchard's net assets of June 30, 2007:

	Governmental Activities	Business-Type Activities	Total June 30, 2007	Total June 30, 2006
<b>ASSETS</b>				
Cash and Cash equivalents	\$ 132,231	\$ 516,348	\$ 648,579	\$ 704,371
Investments	5,586	200,000	205,586	5,594
Receivables	31,086	208,218	239,304	302,414
Internal balances	(551)	551	0	0
Restricted assets		972,073	972,073	971,223
Other assets	50	215,112	215,162	229,545
Capital assets (net)	<u>302,589</u>	<u>6,478,452</u>	<u>6,781,041</u>	<u>7,125,117</u>
<b>TOTAL ASSETS</b>	<u>470,991</u>	<u>8,590,764</u>	<u>9,061,745</u>	<u>9,338,284</u>
<b>LIABILITIES</b>				
Accounts, payroll, and other payables	20,006	27,245	47,251	26,197
Payable from restricted assets		597,381	597,381	584,477
Internal balance			0	0
Bonds payable		<u>4,792,121</u>	<u>4,792,121</u>	<u>5,036,256</u>
<b>TOTAL LIABILITIES</b>	<u>20,006</u>	<u>6,416,747</u>	<u>6,436,763</u>	<u>5,646,930</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	302,589	1,425,052	1,727,641	1,838,842
Restricted for debt service		374,692	374,692	386,747
Unrestricted	<u>148,396</u>	<u>1,374,263</u>	<u>1,522,659</u>	<u>1,485,745</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 450,985</u>	<u>\$ 3,174,007</u>	<u>\$ 3,624,992</u>	<u>\$ 3,691,334</u>
Restricted for debt service		374,692	374,692	386,747
Unrestricted	<u>148,396</u>	<u>1,374,263</u>	<u>1,522,659</u>	<u>1,485,745</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 148,396</u>	<u>\$ 1,748,955</u>	<u>\$ 1,897,351</u>	<u>\$ 1,862,492</u>

By far the largest portion of the Town's net assets (\$1,727,641 or 48%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future



# TOWN OF BLANCHARD, LOUISIANA

## Management Discussion and Analysis

June 30, 2007

spending. Although the town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. The amount restricted for debt service was \$374,692 or 10% of total net assets.

The remaining balance (\$1,522,659 or 42%) is unrestricted net assets, which may be used to meet the government's on-going obligations to citizens and creditors.

The Town has total outstanding bond debt of \$4,792,121, which was used to finance some of the \$6,781,041 net capital assets. Total liabilities of \$5,436,753 are equal to 50% of the total assets.

The Town's governmental activities increased net assets by \$77,577. The Town's business-type activities decreased net assets by \$143,919. This is a decrease in total net assets of \$66,342 over last fiscal year.

The following is a summary of the statement of activities:

	Governmental Activities	Business-Type Activities	Total June 30, 2007	Total June 30, 2006
<b>Revenue</b>				
Program revenue	\$ 173,427	\$ 1,910,370	\$ 2,083,797	\$ 2,068,611
General revenue and transfers	424,731	80,980	505,711	403,047
Total revenue and transfers	<u>\$ 598,158</u>	<u>\$ 1,991,350</u>	<u>\$ 2,589,508</u>	<u>\$ 2,471,658</u>
<b>Expenses</b>				
General and administrative	\$ 59,374	\$	\$ 59,374	\$ 45,493
Public safety	306,456		306,456	254,859
Public works	152,210		152,210	142,404
Culture and recreation	2,541		2,541	18,943
Water and sewer		2,135,269	2,135,269	1,797,033
Total expenses	<u>\$ 520,581</u>	<u>\$ 2,135,269</u>	<u>\$ 2,655,850</u>	<u>\$ 2,258,732</u>
Increase (decrease) in net assets	\$ 77,577	\$ (143,919)	\$ (66,342)	\$ 212,926
Net assets June 30, 2005	<u>373,408</u>	<u>3,317,926</u>	<u>3,691,334</u>	<u>3,478,408</u>
Net assets June 30, 2006	<u>\$ 450,985</u>	<u>\$ 3,174,007</u>	<u>\$ 3,624,992</u>	<u>\$ 3,691,334</u>

### Governmental Activities

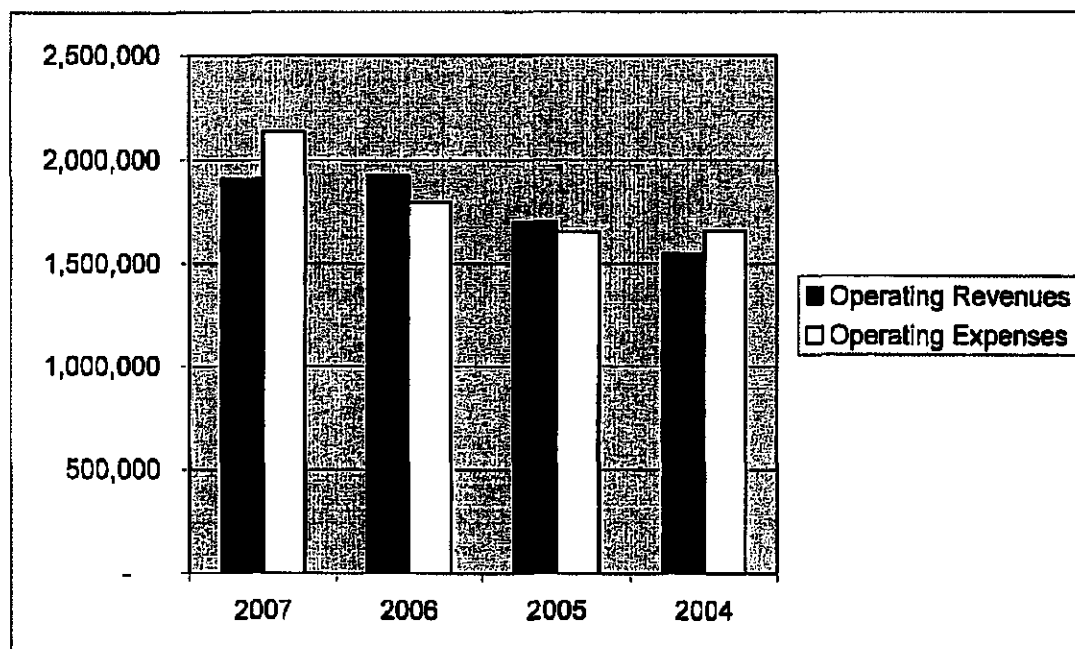
The governmental activities of the Town include General Government, Public Safety, Public Works, and Cultural and Recreational. Revenues normally associated with municipal operations, (e.g. sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines and operating grants) are insufficient for the funding of these activities; therefore, the town relies on transfers of excess revenue from its enterprise fund to cover the cost of these activities.

For 2007, \$41,177 was transferred to the general fund from the utility fund.

**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2007**

**Business-Type Activities**

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water and sewer services. The following chart is a summary of operating revenues compared to operating expenses of the business-type activities of the Town for a four year period:



The reasons for fluctuations noted in the table above are as follows:

The operating revenue decreased by \$16,223 in 2007 over 2006. During 2006, a 5% water rate increase was implemented and there was an increase in customers causing an increase in revenue over the year 2005; however the revenues dropped slightly in 2007 due to a dry year. The year 2007 indicates revenues have remained constant when compared to 2006.

The increase in Water and Sewer Operating Expenditures was due to rapid growth, cost of living wage increases, and extensive repairs needed in the sewer system.

The net effect was an overall loss in the Water and Sewer that resulted in a decrease in net assets of \$143,919.

**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2007**

**Fund Financial Statements-Governmental Funds**

The fund financial statements provide more detailed information about the Town's most significant funds-not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently only maintains one individual governmental fund type. This fund type is the General Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the General Fund, which is considered a major fund.

The Town adopts an annual budget for the General Fund. A Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund is presented in the Required Supplemental Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

**Financial Analysis of the Town's Governmental Fund**

The Town of Blanchard's governmental fund (General Fund) reported an ending fund balance of \$148,396, which is an increase of over \$75,000 from last year.

**Fund Financial Statements -Proprietary Funds**

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (a type of proprietary fund) to account for its Water and Sewer Operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

**Financial Analysis of the Town's Proprietary Fund**

The Town's proprietary fund shows a decrease in ending net assets of \$143,919. The 2007 operating income of the Water and Sewer Departments totaling \$1,910,370 represents a decrease of \$16,223 from fiscal year 2006.

**General Fund Budgetary Highlights**

The major differences between the original budget and the final amended budget of the General Fund are:

1. The increase in budgeted revenue of \$58,800 is due mainly to additional revenue received from the following three categories: sales taxes, franchise taxes, licenses and permits, and fines and forfeitures.
2. Expenditures budgeted increased from \$483,000 to \$497,750 for a difference of \$14,750.

**TOWN OF BLANCHARD, LOUISIANA**  
**Management Discussion and Analysis**  
**June 30, 2007**

**Capital Asset and Debt Administration**

The total investment in net capital assets as of June 30, 2007 is \$6,781,041: \$302,589 for the general fund and \$6,478,452 for the enterprise fund.

New major capital assets purchased or constructed in fiscal 2007 are:  
Governmental activities:

- A vehicle bought for the Public Safety Department. \$20,448
- A Stalker Moving Radar for the Public Safety Department. \$1,355
- Equipment purchased for the Public Works Department. \$6,579
- Water System repairs and upgrades. \$27,848
- Concrete pour for parking at the North Lakeshore Drive Water Station. \$1,500
- A 2007 Ford F-150 for the Water Department. \$12,366
- A digital telephone system for the Water and Sewer Department. \$3,105
- A submersible pump for the Sewer System. \$7,440

**Current Financial Factors**

There will be 5% water rate increase implemented in March of the next 2 years. The Town has entered into agreements with other local systems to begin selling them bulk water. Blanchard Utilities has expanded their coverage to include the acquisition of the East Mooringsport Water System. Due to this expansion of selling bulk water and the acquisition of the East Mooringsport Water System, the town is planning to expand their current plant. Effective February 2007, the monthly rate for garbage increased.

**Request for Information**

This financial report is designed to provide a general overview of the Town of Blanchard's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Debra Smith, Clerk, P. O. Box 428, Blanchard, Louisiana, 71009.

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

## TOWN OF BLANCHARD, LOUISIANA

## STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 132,231	\$ 516,348	\$ 648,579
Investments	5,586	200,000	205,586
Receivables	31,066	208,218	239,304
Advance to other funds	(551)	551	0
Restricted assets:			
Cash and cash equivalents		821,618	821,618
Investments		150,455	150,455
Other assets	50	215,112	215,162
Capital assets (net)	<u>302,589</u>	<u>6,478,452</u>	<u>6,781,041</u>
<b>TOTAL ASSETS</b>	<u>\$ 470,991</u>	<u>\$ 8,590,754</u>	<u>\$ 9,061,745</u>
<b>LIABILITIES</b>			
Accounts, payroll, and other payables	\$ 20,006	\$ 27,245	\$ 47,251
Liabilities payable from restricted assets:			
Current portion of long-term obligations		281,279	281,279
Accrued interest on long-term debt		79,257	79,257
Meter deposits		256,845	256,845
Long-term debt, net		<u>4,792,121</u>	<u>4,792,121</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 20,006</u>	<u>\$ 5,416,747</u>	<u>\$ 5,436,753</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ 302,589	\$ 1,425,052	\$ 1,727,641
Restricted for debt service		374,692	374,692
Unrestricted	<u>148,396</u>	<u>1,374,263</u>	<u>1,522,659</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 450,985</u>	<u>\$ 3,174,007</u>	<u>\$ 3,624,992</u>

The accompanying notes are an integral part of this financial statement.

## STATEMENT B

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2007

	Program Revenues			Net (Expenses) Revenue	Net (Expenses), Revenues, and Changes		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
General government	\$ 59,374	\$ 50,878	\$ 12,900	\$	\$ (59,374)	\$	\$ (59,374)
Public safety: Police	306,456				(242,678)		(242,678)
Public works:							
Streets and right of ways	29,588	1,197			(28,391)		(28,391)
Sanitation	87,097	92,002			4,905		4,905
Buildings and grounds	35,525	16,450			(19,075)		(19,075)
Culture and recreation	2,541				(2,541)		(2,541)
<b>Total Governmental Activities</b>	<b>520,581</b>	<b>160,527</b>	<b>12,900</b>		<b>(347,154)</b>		<b>(347,154)</b>
<b>Business-Type Activities</b>							
Water	1,826,402	1,784,371			(42,031)		(42,031)
Sewer	308,867	125,999			(182,868)		(182,868)
<b>Total Business-type Activities</b>	<b>\$ 2,135,269</b>	<b>\$ 1,910,370</b>			<b>\$ (224,899)</b>		<b>\$ (224,899)</b>
<b>Total Primary Government</b>	<b>\$ 2,655,850</b>	<b>\$ 2,070,897</b>	<b>\$ 12,900</b>	<b>\$ 0</b>	<b>\$ (347,154)</b>	<b>\$ (224,899)</b>	<b>\$ (572,053)</b>
<b>General Revenues:</b>							
Ad valorem taxes					79,606	38,094	117,700
Sales tax					117,144		117,144
Franchise taxes					97,180		97,180
Occupational licenses					20,953		20,953
Insurance licenses					23,543		23,543
Building Permits					31,003		31,003
Investment earnings					3,407	67,007	70,414
Gain (loss) on sale or disposal of assets					1,572	12,210	13,782
Other general revenues					9,146	4,846	13,992
Transfers in (out)					41,177	(41,177)	
<b>Total general revenues and transfers</b>					<b>\$ 424,731</b>	<b>\$ 80,980</b>	<b>\$ 505,711</b>
<b>Change in Net Assets</b>					<b>77,577</b>	<b>(143,919)</b>	<b>(66,342)</b>
<b>Net assets--beginning</b>					<b>373,408</b>	<b>3,317,926</b>	<b>3,691,334</b>
<b>Net assets--ending</b>					<b>\$ 450,985</b>	<b>\$ 3,174,007</b>	<b>\$ 3,624,992</b>

The accompanying notes are an integral part of the financial statements.



## Fund Financial Statements

## TOWN OF BLANCHARD, LOUISIANA

## BALANCE SHEET, GOVERNMENTAL FUND

June 30, 2007

		<u>General Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	132,231
Investments		5,586
Receivables		31,086
Deposits		50
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>168,953</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts, salaries, and other payables	\$	20,006
Due to utility fund		551
<b>Total Liabilities</b>		<b><u>20,557</u></b>
<b>Fund balance:</b>		
Unreserved, reported in:		
General Fund		<u>148,396</u>
<b>Total Fund Balance</b>		<b><u>148,396</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$</b>	<b><u>168,953</u></b>

**TOWN OF BLANCHARD, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
June 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds, Statement C	\$ 148,396
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	<u>302,589</u>
Net Assets of Governmental Activities, Statement A	<u>\$ 450,985</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND**  
For the Year Ended June 30, 2007

	<u>General Fund</u>
<b>Revenues:</b>	
Ad valorem taxes	\$ 79,806
Sales taxes	117,144
Franchise taxes	97,180
Intergovernmental revenues:	
State grant	12,900
Licenses and permits	75,499
Charges for services	93,199
Fines and forfeitures	50,678
Use of Money and Property	19,857
Other	9,346
<b>Total Revenues</b>	<u><b>555,409</b></u>
 <b>Expenditures:</b>	
Current:	
General government	59,374
Public safety: Police	296,192
Public works:	
Sanitation	87,097
Street and right of ways	26,793
Buildings and grounds	22,587
Culture and recreation	2,540
Capital outlays	28,382
<b>Total Expenditures</b>	<u><b>522,945</b></u>
 <b>Excess (Deficiency) of Revenues over Expenditures</b>	<u><b>32,464</b></u>
 <b>Other Financing Sources (Uses)</b>	
Sale of assets	1,842
Operating transfers in	41,177
<b>Total Other Financing Sources (Uses)</b>	<u><b>43,019</b></u>
 <b>Net change in Fund Balances</b>	<b>75,483</b>
 <b>Fund balances, beginning of year</b>	<u><b>72,913</b></u>
<b>Fund balances, end of year</b>	<u><b>\$ 148,396</b></u>

## TOWN OF BLANCHARD, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	75,483
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$26,018) was less than the capital outlays (\$28,382) in the current period		2,364
Loss on disposal of assets is recognized in the Statement of Net Assets but not in the governmental funds.		(270)
Change in Net Assets of Governmental Activities, Statement B	\$	<u>77,577</u>

## TOWN OF BLANCHARD, LOUISIANA

STATEMENT OF NET ASSETS, PROPRIETARY FUND  
June 30, 2007

	Business-Type Activity Utility Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 516,348
Investments	200,000
Receivables	208,218
Due from other funds	551
Total current assets	<u>925,117</u>
Restricted assets:	
Cash and cash equivalents	821,618
Investments	150,455
Total restricted assets	<u>972,073</u>
Non-current assets:	
Unamortized bond issue costs	215,112
Capital assets, net of accumulated depreciation	6,478,452
Total non-current assets	<u>6,693,564</u>
<b>TOTAL ASSETS</b>	<b>\$ 8,590,754</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts, salaries, and other payables	\$ 27,245
Total current liabilities	<u>27,245</u>
Current liabilities payable from restricted assets:	
Current portion of long-term obligations	261,279
Accrued interest on long-term debt	79,257
Meter deposits	256,845
Total current liabilities payable from restricted assets	<u>597,381</u>
Noncurrent liabilities	
Long-term obligations, net of unamortized discounts	4,792,121
Total noncurrent liabilities	<u>4,792,121</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 5,416,747</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 1,425,052
Restricted for debt service	374,692
Unrestricted	<u>1,374,263</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 3,174,007</b>

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2007

	<u>Utility Fund</u>
<b>Operating Revenues</b>	
Charges for services:	
Water sales	\$ 1,653,119
Sewer service fees	118,999
Installations	81,360
Permits and fees	53,211
Other services	3,681
<b>Total Operating Revenues</b>	<u>1,910,370</u>
 <b>Operating Expenses</b>	
Cost of sales and services	1,251,378
Administration	201,661
Depreciation	398,429
<b>Total Operating Expenses</b>	<u>1,851,468</u>
 <b>Operating Income</b>	<u>58,902</u>
 <b>Nonoperating Revenues (Expenses)</b>	
Ad valorem taxes	38,094
Mineral lease	4,846
Interest earnings	87,007
Interest expense	(249,118)
Amortization of bond discount	(30,534)
Bond agency fees	(4,151)
Gain (loss) on sale of asset	12,210
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(161,644)</u>
 <b>Income Before Transfers</b>	(102,742)
 Transfers out	<u>(41,177)</u>
 <b>Change In Net Assets</b>	<u>(143,919)</u>
 <b>Total net assets, beginning of year</b>	3,317,928
<b>Total net assets, end of year</b>	<u><u>\$ 3,174,007</u></u>

**TOWN OF BLANCHARD, LOUISIANA**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
Statement of Cash Flows  
For the Year Ended June 30, 2007

	<u>Utility Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,987,679
Cash payments to suppliers for goods and services	(873,355)
Cash payments to employees for services	(570,576)
Net cash provided (used) by operating activities	<u>543,748</u>
<b>Cash flows from noncapital financing activities:</b>	
Ad valorem taxes	<u>38,094</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of property, plant, and equipment	(52,262)
Proceeds from sale of assets	12,210
Proceeds from mineral lease	4,846
Proceeds from borrowing net discount	
Bond issuance costs	(4,151)
Cost of bond defeasance	
Principal paid on debt	(250,018)
Interest paid on revenue bonds	(259,645)
Transfer to General Fund	(41,177)
Net cash (used) for capital and related financing activities	<u>(590,197)</u>
<b>Cash flows from investing activities:</b>	
Purchase of investments	(200,211)
Interest on investments	<u>67,007</u>
Net cash provided (used) from investing activities	<u>(133,204)</u>
Net increase (decrease) in cash and cash equivalents	(141,559)
Cash and cash equivalents at beginning of year	1,479,525
Cash and cash equivalents at end of year	<u>\$ 1,337,968</u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ <u>58,902</u>
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>	
Depreciation and amortization	398,429
<b>Change in assets and liabilities:</b>	
(Increase) decrease in customer accounts receivable	65,677
(Increase) decrease in other accounts receivable	
(Increase) decrease in due from other funds	(542)
(Increase) decrease in prepaids	638
Increase (decrease) in accounts payable and accrued expenses	9,813
Increase (decrease) in accrued payroll taxes	(1,344)
Increase (decrease) in customer deposits	12,175
Total adjustments	<u>484,846</u>
Net cash provided (used) by operating activities	<u>\$ 543,748</u>
 <b>Reconciliation of balance sheet cash and cash equivalents to cash flow statement</b>	
Current assets: Cash and cash equivalents	\$ 516,348
Restricted Cash	821,618
Total cash and cash equivalents	<u>\$ 1,337,968</u>

The accompanying notes are an integral part of the financial statement.



## Notes to the Financial Statements

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**INTRODUCTION**

The Town of Blanchard, Louisiana, (the Town) was incorporated in 1961 under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government and provides the following services as authorized by the Act: public safety—police; sanitation; public improvements; culture and recreation; provision of water utility and sewer services; and general services. The Town is located in the northwest Louisiana parish of Caddo and has a population of more or less 2,300. The Town employs thirty. The utility department serves approximately 3,500 customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. This report includes all funds which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Enterprise Fund is used for activities which are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town maintains an Enterprise Fund for water and sewer utilities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is other charges between the government's enterprise operations. Elimination of this charge would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal revenues of the enterprise fund are direct sales and services, installation charges and permits and fees for use of the services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of less than six months. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 182 days. All investments are recorded at fair value based on quoted market prices.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

There is no allowance for doubtful accounts. All receivables in the general fund are expected to be collected. The water and sewer receivables are backed by customer's meter deposits. Upon nonpayment and subsequent disconnection, the deposit is applied to any unpaid account balance with the remaining amount, if any, refunded to the customer within a reasonable period of time. Unbilled receivables represent amounts earned which have not yet been billed. Management anticipates that the June 30, 2007 unbilled receivables will be substantially billed and collected in fiscal year 2008.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Taxes due for:		
General purposes	8.79	8.79
Sewer depreciation	<u>5.59</u>	<u>3.21</u>

Of the 1,395 taxpayers of the Town, there are two taxpayers that account for about one percent each of the total assessment.

Proceeds of a 1% sales and use tax are dedicated to the police department for the purpose of maintaining and providing police protection. Collections for the year ended June 30, 2007, are \$117,144.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Restricted Assets**

The Enterprise Fund, because of certain bond covenants, is required to establish and maintain prescribed amounts of resources (consisting of cash, cash equivalents and certificates of deposit) that can be used only to service outstanding debt. The restricted amount at June 30, 2007 for bond covenants is \$715,228. The Enterprise Fund also requires customers to place a deposit before service is rendered. These monies are restricted and held until the customer disconnects service. At June 30, 2007, the utility deposits restricted were \$258,845. Total restricted cash and cash equivalents are \$972,073.

**F. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activity column in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Water Utility</u>	<u>Estimated Lives</u>
Purification Plant	50 years
Lines and Meters	10-30 years
Other Equipment	3-15 years
<u>Sewerage Utility</u>	
Lines and Pumps	30-50 years
Other Equipment	3-4 years

**G. Compensated Absences**

The Town's liability for accrued compensated absences is considered a current liability payable from current resources and is reported in both the government-wide and governmental fund financial statements. The amounts applicable to the General Fund of \$5,053 and the Enterprise Fund of \$6,879 have been recorded. The accumulated unpaid vacation expires on the employee's anniversary date of employment following the year in which it is earned; therefore, no long-term liability exists.

**H. Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**J. Comparative Data/Reclassifications**

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**K. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Mayor and Town Clerk prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget is reviewed by the board of alderman and made available to the public. At least ten days after publication of the call for a public hearing, the Town holds a public hearing on the proposed budget in order to receive comments from citizens. Changes are made to the proposed budget based on the public hearing and the desires of the Board of Aldermen as a whole. The budget is then adopted through the passage of an ordinance during the June meeting, and notice is published in the official journal.

During the year, the Board of Aldermen receives monthly budget comparison statements, which are used as tools to control the operations of the Town. The Town Clerk presents necessary budget amendments to the board when she determines that actual operations are differing materially from those anticipated in the original budget. The board in regular session reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The budget was amended during the year. The adoption of amendments is included in the Town's minutes. The budget is established and controlled by the Mayor and the Board of Aldermen at the functional level of expenditure. Unexpended appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Mayor and Board of Aldermen must approve all changes in the budget. The Town does not use encumbrance accounting in its accounting system.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2007, the Town has cash and cash equivalents (book balances) totaling \$1,470,197 as follows:

Demand deposits	\$	249,488
Interest-bearing demand deposits		1,080,310
Other		140,399
Total	\$	<u>1,470,197</u>
Per financial statements;		
Cash and cash equivalents	\$	648,579
Restricted cash and cash equivalents		821,618
Total cash and cash equivalents per financial statements	\$	<u>1,470,197</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**3. CASH AND CASH EQUIVALENTS (continued)**

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2007 the Town has \$1,470,196 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 of federal deposit insurance and \$1,843,499 of pledged securities held by the custodial banks in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

Restricted Assets are made up of various cash, cash equivalents and investments. Below is a reconciliation of these restricted assets:

Sinking fund requirements for current interest and principal payments	\$ 241,048
Reserve for 2000 Water Revenue Bonds	132,405
Reserve for 2005 Water Revenue Bonds	341,775
Total restricted for Retirement of Revenue Bonds	<u>715,228</u>
Customer utility deposits	256,845
Total Restricted Cash, Cash Equivalents and Investments as of June 30, 2007	<u>\$ 972,073</u>

**4. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Town's name

Fiscal year-end, the Town's investment balances were as follows:

Type of Investment	Category			Carrying Amount		Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	
Certificates of Deposit	\$ 205,586			\$ 205,586		\$ 205,586
Restricted Certificates of Deposit	150,455			150,455		150,455
Total Investments	<u>\$ 356,041</u>			<u>\$ 356,041</u>		<u>\$ 356,041</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**5. RECEIVABLES**

The receivables of \$239,304 at June 30, 2007, are as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Taxes	\$	\$	\$
Ad valorem	1,384		1,384
Sales and use	7,840		7,840
Other	21,862		21,862
Accounts		208,056	208,056
Other		162	162
Total	\$ <u>31,086</u>	\$ <u>208,218</u>	\$ <u>239,304</u>

**6. INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables/payables at June 30, 2007 were as follows:

	General Fund	Enterprise Fund
Due from other fund	\$	\$ 551
(Due to) other fund	(551)	
Net (Due to)/Due from	\$ <u>(551)</u>	\$ <u>551</u>

**7. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2007, for the primary government is as follows:

Governmental Activities:	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Capital assets, not being depreciated				
Land	\$ 2,000	\$	\$	\$ 2,000
Total capital assets, not being depreciated	\$ <u>2,000</u>	\$	\$	\$ <u>2,000</u>
Capital assets, being depreciated				
Buildings & Improvements	\$ 442,387	\$	\$	\$ 442,387
Equipment				
Police Department	204,015	21,803	(38,933)	186,885
Sanitation, Streets, & Right of Ways	20,098	8,579		28,678
General	15,514		(3,698)	11,816
Sewer plant for Enterprise Fund	374,355			374,355
Total capital assets, being depreciated	\$ <u>1,056,370</u>	\$ <u>28,382</u>	\$ <u>(42,631)</u>	\$ <u>1,042,121</u>
Less accumulated depreciation for				
Buildings & Improvements	\$ 183,606	\$ 12,958	\$	\$ 196,564
Equipment				
Police Department	172,191	10,285	(38,662)	143,794
Sanitation, Streets, & Right of Ways	12,208	2,795		15,003
General	15,514		(3,698)	11,816
Sewer plant for Enterprise Fund	374,355			374,355
Total accumulated depreciation	\$ <u>757,874</u>	\$ <u>26,018</u>	\$ <u>(42,360)</u>	\$ <u>741,532</u>
Total Capital assets being depreciated net	\$ <u>298,496</u>			\$ <u>300,589</u>



**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**7. CAPITAL ASSETS (Continued)**

Depreciation expense of \$26,018 for the year ended June 30, 2007, was charged to the following governmental functions:

General Government	\$	0
Public Safety		10,285
Public Works		15,753
Recreation		0
Total Depreciation	\$	<u>26,018</u>

Business type Activities:	Balance June 30, 2006	Increases	Reclassifications/ Decreases	Balance June 30, 2007
<b>Capital assets, not being depreciated</b>				
Land	\$ 43,850	\$	\$	\$ 43,850
Total capital assets, not being depreciated	<u>\$ 43,850</u>	<u>\$</u>	<u>\$</u>	<u>\$ 43,850</u>
<b>Capital assets being depreciated</b>				
Buildings	\$ 129,454	\$ 1,500	\$	\$ 130,954
Water System	9,902,113	27,851		9,929,964
Sewer System	1,701,827	7,440		1,709,267
Fixtures & equipment	137,727	3,105		140,832
Automotive equipment	122,137	12,368		134,503
Total capital assets being depreciated	<u>\$ 11,893,058</u>	<u>\$ 32,262</u>	<u>\$ 0</u>	<u>\$ 12,045,320</u>
<b>Less accumulated depreciation for</b>				
Buildings	\$ 53,603	\$ 4,380	\$	\$ 57,983
Water System	4,152,429	325,972		4,478,401
Sewer System	789,089	55,186		844,275
Fixtures & equipment	108,821	8,277		116,098
Automotive equipment	110,447	4,614		115,061
Total accumulated depreciation	<u>5,212,290</u>	<u>\$ 398,429</u>	<u>\$ 0</u>	<u>5,610,718</u>
Total Capital assets being depreciated net	<u>\$ 6,780,768</u>			<u>\$ 6,434,602</u>

**8. INTERFUND TRANSFERS**

Interfund transfers totaled \$41,177 for operating transfers from the Utility Fund to the General Fund during the year ended June 30, 2007. The Utility Fund reimburses the General Fund for general operational support during the year.

**9. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$47,251 at June 30, 2007, are as follows:

	General Fund	Enterprise Fund	Total
Payroll	\$ 3,205	\$ 9,598	\$ 12,803
Payroll taxes	193	5,318	5,511
Compensated absences	5,053	6,879	11,932
Trade accounts	11,042		11,042
Other	513	5,450	5,963
Total	<u>\$ 20,006</u>	<u>\$ 27,245</u>	<u>\$ 47,251</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**10. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended June 30, 2007:

	Beginning Balance	Additions/ Accretions	Retirements	Ending Balance	Due within One Year
<b>Business-type activity:</b>					
Water Revenue Bonds	\$ 5,445,411	\$ -	\$ (220,411)	\$ 5,225,000	\$ 230,000
Capital Lease	128,843	-	(29,607)	99,236	31,279
	<u>\$ 5,574,254</u>	<u>\$ -</u>	<u>\$ (250,018)</u>	<u>\$ 5,324,236</u>	<u>\$ 261,279</u>

The individual issues are as follows:

Note	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
2000 Water Revenue Bonds	12/14/00	7.20%	03/01/27	1,194,329	1,505,000	water revenue
2005 Water Revenue Bonds	05/24/05	3.25%	04/01/22	1,373,325	3,720,000	water revenue
Unamortized Gain on Refunding					(203,499)	
Unamortized Discount					(67,337)	
Total Revenue Bonds				<u>2,667,654</u>	<u>4,954,164</u>	
Govt Capital Lease Corp.	06/21/05	5.85%	07/10/09	11,413	99,236	collateralized
Totals					<u>5,053,400</u>	

The water revenue bonds constitute obligations of the Town solely secured by a lien on and pledge of the net revenues of the water system. The revenue of the water system and the various special funds established by the bond ordinances collateralizes the revenue bonds. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond fund. Remaining revenues may then be used for any lawful purpose.

The resolutions authorizing the Water Revenue Bonds requires that the Town establish a sinking fund, reserve funds, and a contingency fund and make monthly payments in order to satisfy payments of principal and interest on all bonds payable. To satisfy all bond sinking fund requirements the monthly amount to be deposited into the Sinking Fund is between \$39,254 and \$46,884 for year end June 30, 2007. There is also a \$1,246 deposit required monthly to the contingency fund. All reserve requirements for the bonds have been met. The Town has complied with all significant financial requirements as of June 30, 2007.

The long term debt is due as follows:

Year ended June 30,	Principal Payments	Interest Payments	Total
2008	\$ 261,279	\$ 246,852	\$ 507,931
2009	268,046	236,511	504,557
2010	279,911	225,619	505,530
2011	255,000	214,173	469,173
2012	265,000	204,348	469,348
2013-2017	1,500,000	844,555	2,344,555
2018-2022	1,875,000	472,704	2,347,704
2023-2027	620,000	134,505	754,505
	<u>\$ 5,324,236</u>	<u>\$ 2,579,067</u>	<u>\$ 7,903,303</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**10. LONG-TERM OBLIGATIONS (continued)**

Interest Included as Direct Expense. Interest expense of \$249,116 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the water program for which borrowing is related.

Prior-year Defeasance of Debt. In 2005, the Town defeased certain water revenue bonds and certificates of indebtedness by placing the proceeds of the new water revenue bonds in an irrevocable trust to provide for all future payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's government-wide financial statements. The defeased bonds were paid at March 31, 2007.

**11. RETIREMENT SYSTEM**

Substantially all employees of the police department of the Town of Blanchard, are members of the following statewide retirement system: Police Employees Retirement System of Louisiana. This system is cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to this plan follows:

**A. Municipal Police Employees Retirement System of Louisiana (System)**

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Blanchard is required to contribute at an actuarially determined rate. The current rate is 16.25% of annual covered payroll. The contribution requirements of plan members and the Town of Blanchard are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Blanchard contributions to the System for the years ending June 31, 2007, 2006, and 2005, were \$14,460, \$15,480, and \$19,400, respectively, equal to the required contributions for each year.

The Utilities Department employees may participate in a 457(b) Deferred Compensation Plan. Full time employees can participate after their 90-day probation period is over. An employee may contribute a maximum of \$15,000 per year. The Town matches 50% of the employees' contributions up to 5% of the employee's salary. The Town contributed \$4,027 for the year ended June 30, 2007.

**TOWN OF BLANCHARD, LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June, 2007

**12. RESTRICTED NET ASSETS**

The amount of retained earnings restricted for revenue bond retirement is detailed as follows:

Restricted Sinking, reserve, and contingency funds	\$ 715,228
Less: Accrued interest payable on revenue bonds	(79,257)
Current maturities of revenue bonds	<u>(261,279)</u>
Reserve for debt retirement	<u><u>374,692</u></u>

**13. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

**14. CONTINGENT LIABILITIES**

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

During the various fiscal years, the Town of Blanchard has been required to relocate water lines along Highway 1 to accommodate a Department of Transportation and Development, State of Louisiana, highway construction project. Funding is provided by the State of Louisiana to the Town pursuant to Act 319 (R.S. 48:381 (C)(2)). In accordance with provisions of this Act, the Town is henceforth prohibited from locating a utility installation in any state-owned right-of-way until the Town reimburses the State for the cost of the relocations.

**15. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES**

The Town recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For year ended June 30, 2007, the State made contributions of \$12,900.

## Required Supplemental Information (Part II)

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 77,000	\$ 80,000	\$ 79,608	\$ (394)
Sales taxes	95,000	106,000	117,144	11,144
Franchise taxes	65,000	76,000	97,180	21,180
Intergovernmental revenues:				
State grant			12,900	12,900
Licenses and permits	57,000	76,500	75,499	(1,001)
Charges for services	94,900	93,700	93,199	(501)
Fines and forfeitures	35,000	50,600	50,678	78
Use of Money and Property	21,000	20,200	19,857	(343)
Other	4,500	5,200	9,346	4,146
<b>Total Revenues</b>	<u>449,400</u>	<u>508,200</u>	<u>555,409</u>	<u>47,209</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	51,400	56,450	58,374	(2,924)
Public safety: Police	261,600	277,800	296,192	(18,392)
Public works:				
Sanitation	92,000	79,000	87,097	(8,097)
Street and right of ways	27,900	26,300	26,793	(493)
Buildings and grounds	9,600	14,800	22,567	(7,767)
Culture and recreation	4,500	2,400	2,540	(140)
Capital Outlays	36,000	41,000	28,362	12,618
<b>Total Expenditures</b>	<u>483,000</u>	<u>497,750</u>	<u>522,945</u>	<u>(25,194)</u>
<b>Excess (Deficiency) of revenues over expenditures before other financing sources</b>	<u>(33,600)</u>	<u>10,450</u>	<u>32,464</u>	<u>22,014</u>
<b>Other Financing Sources (Uses)</b>				
Sale of assets		1,572	1,842	270
Operating transfers in	30,000	41,500	41,177	(323)
<b>Total Other Financing Sources (Uses)</b>	<u>30,000</u>	<u>43,072</u>	<u>43,019</u>	<u>(53)</u>
<b>Net change in Fund Balances</b>	<u>(3,600)</u>	<u>53,522</u>	<u>75,483</u>	<u>21,960</u>
Fund balances, beginning of year	72,913	72,913	72,913	
<b>Fund balances, end of year</b>	<u>\$ 69,313</u>	<u>\$ 126,435</u>	<u>\$ 148,396</u>	<u>\$ 21,960</u>

The accompanying notes are an integral part of the financial statements.

## Other Supplemental Schedules

**TOWN OF BLANCHARD, LOUISIANA**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEET**  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 132,231	\$ 45,825
Investments	5,586	5,594
Other receivables	31,086	28,519
Prepaid expenses		355
Deposits	<u>50</u>	<u>50</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 168,953</b></u>	<u><b>\$ 80,343</b></u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 20,006	\$ 7,421
Due to utility fund	<u>551</u>	<u>9</u>
<b>Total liabilities</b>	<u>20,557</u>	<u>7,430</u>
<b>Fund balances:</b>		
Unreserved, reported in:		
General Fund	<u>148,396</u>	<u>72,913</u>
<b>Total Fund Balances</b>	<u>148,396</u>	<u>72,913</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 168,953</b></u>	<u><b>\$ 80,343</b></u>



**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
For the Year Ended June 30, 2007  
With Comparative Amounts for Year Ended June 30, 2006

	2007	2006
<b>Revenues:</b>		
Ad valorem taxes	\$ 79,806	\$ 74,324
Sales taxes	117,144	99,178
Franchise taxes	97,180	62,564
Intergovernmental revenues:		
State grant	12,900	10,000
Licenses and permits	75,499	60,622
Charges for services:		
Sanitation	92,002	90,088
Mowing	1,197	2,395
Fines and forfeitures	50,678	38,535
Use of Money and Property	19,857	22,201
Other	8,346	5,521
<b>Total Revenues</b>	<u>555,409</u>	<u>465,428</u>
<b>Expenditures:</b>		
Current:		
General government	59,374	48,921
Public safety: Police	296,192	246,457
Public works:		
Sanitation	87,097	92,259
Street and right of ways	26,793	27,436
Buildings and grounds	22,567	9,774
Culture and recreation	2,540	12,880
Capital Outlays	28,382	25,543
<b>Total Expenditures</b>	<u>522,945</u>	<u>463,270</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>32,464</u>	<u>2,158</u>
<b>Other Financing Sources (Uses)</b>		
Sale of assets	1,842	
Operating transfers in	41,177	28,498
<b>Total Other Financing Sources (Uses)</b>	<u>43,019</u>	<u>28,498</u>
<b>Net change in Fund Balances</b>	75,483	30,656
Fund balances, beginning of year	72,913	42,257
Fund balances, end of year	<u>\$ 148,396</u>	<u>\$ 72,913</u>

**TOWN OF BLANCHARD, LOUISIANA**  
**ENTERPRISE FUND**  
**BALANCE SHEETS**  
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 518,348	\$ 508,304
Investments	200,000	
Receivables	208,218	273,896
Prepaid expenses		638
Due from other funds	551	9
Total current assets	<u>926,117</u>	<u>782,846</u>
Restricted assets:		
Cash and cash equivalents	821,818	820,979
Investments	150,455	150,244
Total restricted assets	<u>972,073</u>	<u>971,223</u>
Non-current assets:		
Unamortized bond issue costs	215,112	228,502
Capital assets, net of accumulated depreciation	8,478,452	6,824,622
Total non-current assets	<u>8,693,564</u>	<u>7,053,124</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,590,754</u></u>	<u><u>\$ 8,807,193</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts, salaries, and other payables	\$ 27,245	\$ 18,778
Total current liabilities	<u>27,245</u>	<u>18,778</u>
Current liabilities payable from restricted assets:		
Current portion of long-term obligations	261,279	250,019
Accrued interest on long-term debt	79,257	89,788
Meter deposits	256,845	244,670
Total current liabilities payable from restricted assets	<u>597,381</u>	<u>584,477</u>
Noncurrent liabilities:		
Long-term obligations, net of unamortized discounts	4,792,121	5,036,256
Total noncurrent liabilities	<u>4,792,121</u>	<u>5,036,256</u>
<b>TOTAL LIABILITIES</b>	<u><u>5,416,747</u></u>	<u><u>5,639,509</u></u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,425,052	1,538,347
Restricted for debt service	374,692	386,747
Unrestricted	<u>1,374,263</u>	<u>1,392,832</u>
<b>TOTAL NET ASSETS</b>	<u><u>3,174,007</u></u>	<u><u>3,317,926</u></u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 8,590,754</u></u>	<u><u>\$ 8,957,435</u></u>

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
For the Years Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Operating Revenues</b>		
Charges for services:		
Water sales	\$ 1,653,119	\$ 1,665,377
Sewer service fees	118,999	123,953
Installations	81,360	78,800
Permits and fees	53,211	51,588
Other services	3,681	3,896
Total Operating Revenues	<u>1,910,370</u>	<u>1,923,593</u>
 <b>Operating Expenses</b>		
Cost of sales and services	1,251,378	935,058
Administration	201,661	157,399
Depreciation	398,429	395,567
Total Operating Expenses	<u>1,851,468</u>	<u>1,488,024</u>
 <b>Operating Income</b>	<u>58,902</u>	<u>435,569</u>
 <b>Nonoperating Revenues (Expenses)</b>		
Ad valorem taxes	38,094	35,138
Capital contribution	-	3,000
Mineral lease	4,846	
Interest earnings	67,007	43,462
Interest expense	(249,116)	(271,863)
Amortization of bond discount	(30,534)	(35,648)
Bond agency fees	(4,151)	(1,500)
Gain (loss) on sale of asset	12,210	1,037
Total Nonoperating Revenues (Expenses)	<u>(161,644)</u>	<u>(226,372)</u>
 <b>Income Before Transfers</b>	<u>(102,742)</u>	<u>209,197</u>
 Transfers out	<u>(41,177)</u>	<u>(26,498)</u>
 <b>Change in Net Assets</b>	<u>(143,919)</u>	<u>180,699</u>
 <b>Total net assets, beginning of year</b>	<u>3,317,926</u>	<u>3,137,227</u>
<b>Total net assets, end of year</b>	<u>\$ 3,174,007</u>	<u>\$ 3,317,926</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF BLANCHARD, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND--WATER AND SEWER DEPARTMENTS**  
For the Year Ended June 30, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services:			
Water sales	\$ 1,653,119	\$	\$ 1,653,119
Sewer service fees		118,999	118,999
Installations	81,360		81,360
Permits and fees	46,211	7,000	53,211
Other services	3,881		3,681
Total Operating Revenues	<u>1,784,371</u>	<u>125,999</u>	<u>1,910,370</u>
<b>Operating Expenses</b>			
Cost of sales and services	1,028,795	222,583	1,251,378
Administration	174,885	26,776	201,661
Depreciation	338,921	59,508	398,429
Total Operating Expenses	<u>1,542,601</u>	<u>308,867</u>	<u>1,851,468</u>
<b>Operating Income</b>	<u>241,770</u>	<u>(182,868)</u>	<u>58,902</u>
<b>Nonoperating Revenues (Expenses)</b>			
Ad valorem taxes		38,094	38,094
Mineral lease		4,846	4,846
Interest earnings	51,863	5,144	67,007
Interest expense	(249,116)		(249,116)
Amortization of bond discount	(30,534)		(30,534)
Bond agency fees	(4,151)		(4,151)
Gain (loss) on sale of asset	12,210		12,210
Total Nonoperating Revenues (Expenses)	<u>(208,728)</u>	<u>48,084</u>	<u>(161,844)</u>
<b>Income Before Transfers</b>	32,042	(134,784)	(102,742)
Transfers out	<u>(41,177)</u>		<u>(41,177)</u>
<b>Change in Net Assets</b>	<u>\$ (9,136)</u>	<u>\$ (134,783)</u>	<u>(143,919)</u>
<b>Total net assets, beginning of year</b>			<u>3,317,926</u>
<b>Total net assets, end of year</b>			<u>\$ 3,174,007</u>

The accompanying notes are an integral part of the financial statements.

**TOWN OF BLANCHARD, LOUISIANA**  
**SCHEDULE OF COMPENSATION AND REIMBURSED EXPENSES PAID BOARD MEMBERS**  
For the year ended June 30, 2007

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Permenter	\$ 2,400	\$ 379	\$ 2,779
Mayor Digilomo	3,000	619	3,619
Alderman Digilomo	1,800		1,800
Alderwoman Jones	4,500		4,500
Alderwoman Lee	4,200		4,200
Alderman Tupper	4,200		4,200
Alderman Ashby	2,400		2,400
Alderman Whittington	2,400		2,400
Alderman Prewett	4,200	104	4,304
	<u>29,100</u>	<u>1,102</u>	<u>30,202</u>
<b>Total</b>	<b>\$ 29,100</b>	<b>\$ 1,102</b>	<b>\$ 30,202</b>

**TOWN OF BLANCHARD, LOUISIANA**  
**SCHEDULE OF RATES**  
For the Year Ended June 30, 2007

	<u>Usage</u>	<u>Base</u>	<u>Per Additional 1000 Gallons</u>
<b>Residential &amp; Commercial Inside:</b>			
	0-2,000 Gallons	\$14.25	N/A
	2,001 Gallons - 10,000		\$2.78
	10,001 - 20,000		\$3.58
	over 20,000		\$4.19
<b>Residential and Commercial Outside:</b>			
	0-2,000 Gallons	\$21.53	N/A
	2,001 Gallons - 10,000		\$3.34
	10,001 - 20,000		\$4.19
	over 20,000		\$4.79
<b>Industrial Commercial:</b>			
	0-30,000 Gals.	\$115.22	N/A
	30,001 -		\$5.16

**TOWN OF BLANCHARD, LOUISIANA**  
**SCHEDULE OF INSURANCE**  
For the Year Ended June 30, 2007

<b>Coverage</b>	<b>Inception Date</b>	<b>Expiration Date</b>	<b>Limits of Liability</b>	<b>Deductible Amount</b>
Workman's Compensation	1/1/2007	12/31/2008	\$100,000 each accident \$500,000 disease policy limit \$100,000 disease each employee	N/A
Automobile	6/11/2007	6/10/2008	\$500,000 combined single limit	N/A
Property and Contents	6/11/2007	6/10/2008	As scheduled from \$5,009 to \$345,801 based on replacement value of scheduled property.	\$1,000
General Liability	6/11/2007	6/10/2008	\$500,000 each occurrence \$30,000 damage-rented property \$500,000 personal & adv injury \$500,000 general aggregate \$500,000 products-comp/op agg. \$500,000 Sewer Back-up	N/A     \$2,500
Employee Dishonesty	3/18/2007	3/17/2008	\$10,000 Bond	N/A

## Other Reports



**Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

The Honorable Johnny Digilomo  
And the Members of the Board of Aldermen of  
Town of Blanchard, Louisiana

I have audited the financial statements of the governmental activities and business-type activities of the Town of Blanchard, Louisiana, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 29, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Blanchard's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Blanchard, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Blanchard, Louisiana's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Blanchard, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Blanchard, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Blanchard, Louisiana's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Blanchard, Louisiana's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Blanchard, Louisiana's, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an

opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Town of Blanchard, Louisiana, Board of Aldermen and management, cognitive agencies, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Altmah D. Dees, CPA*

Mansfield, Louisiana  
December 29, 2007

**TOWN OF BLANCHARD, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2007**

**SUMMARY OF AUDITOR'S REPORTS****INDEPENDENT AUDITOR'S REPORT:**

I have audited the basic financial statements of Town of Blanchard, Louisiana as of and for the year ended June 30, 2007, and have issued my report thereon dated December 29, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the basic financial statements as of June 30, 2007, resulted in an unqualified opinion.

**REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:****Compliance**

Compliance Material to Financial Statements

☐ Yes ☒ No**Internal Control**

Material Weaknesses

☐ Yes ☒ No

Other Conditions

☐ Yes ☒ No**FEDERAL AWARDS**

Not applicable

**FINANCIAL STATEMENT FINDINGS**

None.

**TOWN OF BLANCHARD, LOUISIANA**  
Schedule of Prior Years Audit Findings  
For the year ended June 30, 2007

There were no findings for the year ended June 30, 2006 to be reported.